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The Director of Central Intelligence

Washington, D.C. 20505

National Intelligence Council

NIC #03116-87

28 July 1987

MEMORANDUM FOR: Director of Central Intelligence
Deputy Director of Central Intelligence

FROM: John J. Bird
National Intelligence Officer for Warning

SUBJECT: Bi-Weekly Warning Support

1. Attached is my bi-weekly warning review list, which is intended to keep true warning issues in sight during periods when current events do not necessarily require continual reporting. The effort is a joint one, taking into account the views of other NIOs as well as community perceptions developed during regular warning meetings.

2. I would be pleased to provide you with amplification of any item.

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[Redacted Signature Box]

for John J. Bird

Attachment
As stated

~~Classified SECRET upon removal of Attachment~~

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EAST ASIA

NORTH KOREA/SOUTH KOREA: Critical Juncture

Although President Chun's acceptance of his party's package of reform proposals has defused the immediate political crisis in South Korea, provisions in the new draft constitution--which would restrict voter eligibility and effectively ban Kim Dae Jung from running for the presidency--are obstacles that could lead to an impasse in negotiations to establish ground rules for a presidential election late this year. If a stalemate develops, the opposition may demand that the Chun government be replaced by what Kim Dae Jung recently described as "an interim nonpartisan governing cabinet." Should the government reject this demand and the opposition resort to street demonstrations, a breakdown in public order could result in the imposition of martial law in South Korea and increased tensions with the North.

PHILIPPINES: Tiger by the Tail

Recent statements by a New People's Army spokesman, threatening US personnel in the Philippines, reflects a change in the communist NPA's longstanding policy against targeting Americans and may presage future attacks against US interests. Meanwhile, Aquino's recent signing of an executive order enacting her highly controversial agrarian reform program--a program whose success is imperative to stem the communist insurgency, but whose implementation will provoke extensive discontent from wealthy and influential elites--will generate considerable opposition from the new Congress and further polarize right and left wing forces in the Philippines.

NEAR EAST/SOUTH ASIA

AFGHANISTAN/PAKISTAN/USSR: Mounting Soviet Pressure

New Soviet diplomatic initiatives and increasingly aggressive Soviet bombing and airspace violations of Pakistani territory are maintaining pressure on Zia to stop providing aid to the Afghan resistance and to reach an accommodation with Moscow. The recent resurgence of violent opposition in Pakistan may provide opportunities for greater Soviet leverage and might induce Zia to seek further aid and reassurance from the US.

EGYPT: Prospects for Instability

In the face of economic deterioration and continued activity by religious activists, President Mubarak will be hard-pressed to maintain control during implementation of the newest IMF program. There are already indications that Mubarak is unwilling to take the necessary steps needed to implement the gradual economic restructuring required to prevent a future cutoff of IMF funds. If Mubarak fails to adequately address Egypt's growing economic crisis, extensive protests and labor strife could erupt, undermining Mubarak's hold on the presidency.

INDIA/CHINA: Risk of Confrontation

Chinese initiatives since mid-July to defuse the border issue and New Delhi's conciliatory actions have helped ease tensions along the Sino-Indian border. India's inclusion, however, of the disputed area into a new state, and domestic focus on the situation, will make it difficult for Gandhi to compromise during the next round of border talks scheduled for November. Should Gandhi not compromise, the level of tension could result in new military confrontations before the end of this year.

INDIA/PAKISTAN: Continued Uncertainty and Nuclear Weapons

[redacted] Islamabad already has the capability to produce a nuclear weapon within a few days to a few weeks. The Pakistani nuclear program enjoys widespread domestic support, and external pressures against the nuclear program are not likely to dissuade Pakistan from assembling a nuclear weapon over the long term. This appears to have triggered another Indian reassessment of its nuclear weapons options that will further fuel tensions in the subcontinent. NIO/Warning notes that we should be prepared for the eventuality of a weapons test in the subcontinent.

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In response to the reflagging of Kuwait's tankers, Iran is preparing contingency plans to launch terrorist attacks against US targets both within the Persian Gulf and in other regions. In addition, Tehran may now judge the benefits of launching an unconventional attack--using plausible denial--against American interests as outweighing the risks of retaliation from more direct forms of confrontation. Continued Iranian and Iraqi attacks on neutral shipping--done deliberately or through errors in target acquisition and discrimination--could result in an attack on an American or Soviet combatant on escort duty.

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[redacted] Additionally, there would be serious repercussions in the region should Iran carry out its plans to occupy Kuwait's Bubiyan Island.

IRAN/IRAQ: Internal Developments

Political stakes in the war are high. The potential for sudden collapse of either government is out of proportion to actual or likely military results. Military and civilian opposition to Husayn continues. Meanwhile, in Iran, Khomeini seems to have lost some control over the power struggle among his successors, and his death could lead to major instability within the post-Khomeini government.

KURDS/TURKEY/IRAQ/IRAN: Kurdish Rebellion

Continued Iranian support and manipulation of the Kurds, coupled with increasing Iranian-assisted insurgent activity in the Kirkuk oil region, are drawing Turkey closer to the conflict in the region.

25X1

Tehran's continued support of the Kurds is rapidly straining Turkish-Iranian relations.

SYRIA: Internal Struggle

Assad's poor health could leave him incapacitated at any time. In the absence of a named successor, with new pressures in Lebanon, and with an ever-deteriorating economic situation, the chances of a sudden change of government remain.

TUNISIA: Increasing Instability

Bourguiba's campaign to suppress all political opposition is escalating with crackdowns on Islamic fundamentalists. Far from ensuring smooth succession, however, the regime's efforts are drastically increasing discontent and ensuring chaos, uncertainty and confusion when the succession crisis comes. The Libyan threat almost certainly will increase in the post-Bourguiba period, and Algeria too seems poised to influence the succession struggle.

WESTERN EUROPE

BERLIN/USSR/GERMANY: New Initiatives?

The Soviets and East Germans are continuing to probe Allied unity on arms negotiations and sensitive Berlin issues. Proposals for easing military confrontation in Europe and reducing the risks of surprise attack are designed to undercut the credibility of traditional NATO and pro-US policies and hasten the trend toward independent European accommodations with Moscow. During this anniversary year of Berlin, further Soviet probes designed to challenge the status of Berlin are likely.

GREECE/TURKEY/CYPRUS: Troubled Waters

Tensions in the Aegean continue. Implementation of Greek plans to deploy two armored brigades in northern Greece to Thrace would be perceived by Turkey as a provocative act. Military developments in Cyprus provide further flashpoints for conflict. A significant increase in the number of Turkish tanks on Cyprus and [redacted]

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[redacted] are further irritants that could trigger confrontation. Each side apparently believes the US can prevent war--an attitude that may encourage recklessness and lack of restraint, which could trigger sudden confrontation through miscalculation and escalation.

MALTA/LIBYA: Warming Relations

The Maltese government--which wrested control from the pro-Libyan opposition party in May--may be debating accepting Libyan rewards for honoring bilateral agreements reached formerly by the Labor Government.

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US/USSR: Unfriendly Skies

Soviet fighter reactions to US reconnaissance missions have doubled since the May landing in Moscow of a West German Cessna. Moreover, Soviet aircraft on several occasions have deliberately violated flight safety procedures, approaching to within one foot of a US aircraft or crossing directly in front of a reconnaissance platform. While the Soviet reactions do not signal a greater military threat per se, their current tactics increase the potential for a US-Soviet air incident. Czech and East German forces also have heightened their air defense posture, but to a lesser extent.

LATIN AMERICA

CHILE: Intransigence

Pinochet appears more determined than ever to maneuver to remain in power beyond 1989. It appears he is now planning to carry out a major reshuffle of the army and force his critics into early retirement. Pinochet's actions to maintain control may precipitate a new crisis of confidence over his leadership within the armed forces and fuel momentum for decisive change before 1989.

HAITI: Storm Warning

A new round of anti-government protests in Haiti erupted this weekend, tensions remain high, and the overall situation continues to deteriorate. Renewed street violence and acts of anti-Americanism are likely to continue and could endanger the safety of US citizens. Namphy's private contention that Haiti needs a return of strongman rule, attempts by extremists to derail the elections, plus massive pressures on the government of a country whose unemployment rate exceeds 50 percent, may imperil the presidential elections that are scheduled for November.

JAMAICA: Hard Times Aid Manley

Political tensions continue, and economic woes are deepening. As national elections approach, Manley's chances of winning the election are good, provided his health holds.

MEXICO: Future Crisis?

Acute economic problems, austerity measures, and corruption will continue to generate widespread popular and business dissatisfaction and prompt sporadic civil disturbances, especially in the northern states.

NICARAGUA/HONDURAS: Continuation of Hostilities

Nicaragua continues to maintain a limited presence inside Honduran border regions, thereby keeping pressure on the Honduran government to restrict rebel activities. Honduras is likely to seek concessions and further reassurances of support from the US, as Managua steps up activities in border regions. NIO/Warning notes that the potential for Sandinista forces inside Honduras to fire on US military personnel continues.

PANAMA: Political Crisis

Opposition to Noriega's rule continues, and another round of anti-government violence could erupt at any time. If Noriega feels threatened, he probably will employ the Defense forces more forcefully than he did last month and may install a military junta or reinstitute a state of emergency. Noriega has already laid the groundwork for a demagogic campaign against an alleged US conspiracy to oust him. As the crisis evolves, there will be an ever increasing risk that Noriega will target US interests in Panama for subversion.

SUB-SAHARAN AFRICA

ANGOLA: Prospects for Clash with South Africa

The risk of direct South African-Cuban clashes appears to be growing, as the Angolan government continues its measured two-front offensive against UNITA positions in southeast Angola. Should the South Africans view UNITA as being seriously threatened and intervene in the conflict, Cuban contingency plans call for retaliatory airstrikes against South African airbases in Namibia, thus increasing the chances for escalation.

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SOUTH AFRICA/FRONTLINE STATES: Confrontation

Conservative electoral gains and deep divisions within the Afrikaner community have revealed increased domestic polarization that has further undermined the influence of moderate blacks and whites who seek compromise. In extending the emergency decree to a quasi-permanent condition and stifling legitimate dissent the government has acknowledged its authority can be perpetuated only by force. Externally Pretoria's increasingly coercive measures against the Frontline States afford greater opportunities for both the West and the East to capitalize on the Frontline States' heightened sense of vulnerability.

SUDAN/ETHIOPIA: State of Emergency

Prime Minister Sadiq faces increasing challenges to his authority as demonstrations in Khartoum increase, the economy worsens, and military reversals in the South continue. These developments, plus reductions in US aid, will encourage senior military officers to overthrow the civilian government.

SOVIET UNION/EASTERN EUROPE

EASTERN EUROPE: Under Pressure

Dissent is increasing throughout much of Eastern Europe. To various degrees, the present governments are under new pressures:

- Growing economic and political problems, coupled with Gorbachev's glasnost campaign, have had unsettling effects on the aging East European leaderships. Prospective succession dilemmas, particularly in Hungary and Czechoslovakia, are adding to the potential for instability. In Hungary, strikes and demonstrations will grow as the impact of recent economic austerity measures are felt.
- Pressures also are great in Romania, where the continuing debt and liquidity crises have exacerbated already abject living conditions. As conditions worsen, the Soviets will be in a position to exert even more pressure than before.

USSR: Massive Need for Hard Currency

The Soviets face substantial reductions in hard currency earning from oil this year at a time of increasing need for imports for modernization. Moscow increasingly will: rely on Western credit markets; squeeze oil supplied to Eastern Europe to try to barter it on the international market; sell more gold; and try to promote new exports--arms, vehicles, metals, and shipping services--at bargain prices to gain needed hard currency.